



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

RQ-2

December 8, 2006

Jan Churchhill, Treasurer  
Nevada State Democratic Party  
409 Horn Street  
Las Vegas, NV 89107

**Response Due Date:**  
**January 9, 2007**

Identification Number: C00208991

Reference: September Monthly Report (8/1/06 – 8/31/06)

Dear Ms. Churchill:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. This notice requests information essential to full public disclosure of your federal election campaign finances. **An adequate response must be received at the Commission by the response date noted above.** An itemization of the information needed follows:

-Schedule A supporting Line 15 of your report discloses a payment(s) from a federal candidate committee(s) for goods and/or services provided by your committee. 11 CFR §100.52(d)(1) states that "...the provision of any goods or services without charge or at a charge which is less than the usual and normal charge for such goods or services is a contribution." Examples of goods and services include equipment, supplies, personnel, membership lists and mailing lists. The term "usual and normal charge" for goods is defined as "...the price of those goods in the market from which they ordinarily would have been purchased at the time of the contribution". The usual and normal charge for services is defined as "...the hourly or piecework charge for the services at a commercially reasonable rate prevailing at the time the services were rendered." 11 CFR §100.52(d)(2)

Please clarify whether your committee assessed the usual and normal charge for the goods and/or services you provided to the federal candidate committee(s) and explain the steps your committee took in determining the amount(s) charged. If your committee provided the goods and/or services at less than the usual and normal charge, the difference between the two is considered to be an in-kind contribution by your committee to the federal candidate committee(s) and is subject to the limits set forth at 2 U.S.C. §441a. (11 CFR §100.52(d)(1))

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-Schedule A supporting Line(s) 11(c) of your report discloses a receipt(s) from BERKLEY FOR CONGRESS which requires further clarification. For example, if this activity represents a transfer of funds, please indicate "transfer" on Schedule A supporting Line 11(c) of your report. If this activity represents a reimbursement for services provided to this committee, please indicate this on Schedule A supporting Line 15 of your report. Please amend your report to clarify the type of activity this receipt(s) represents.

-Schedule H3 of your report discloses a transfer(s)-in totaling \$24,900 from the NDP Non-Federal Levin account for administrative expenses. Further, Schedule L-B of your NDP Non-Federal Levin account discloses a transfer-out of this same amount as an "Administrative Transfer." Please be advised that 11 CFR §300.33(d) permits a committee to pay the entire amount of allocable expenses for Federal Election Activity from the federal account and transfer Levin funds from its Levin or non-federal accounts to the federal account solely to cover the Levin portion of the allocable expenses. Further, administrative expenses do not qualify as federal election activities that may be allocated between your federal and Levin or non-federal accounts.

If the transfer(s) in question was incompletely or incorrectly disclosed, you should amend your original report with clarifying information. If you have made a prohibited transfer(s), you must transfer-out the impermissible funds to an account not used to influence federal elections.

Please inform the Commission of your corrective action immediately in writing and provide a photocopy of your check for the transfer-out or refund. In addition, any transfers-out should be disclosed on Schedule B supporting Line 22 of the report covering the period during which the transaction was made.

Although the Commission may take further legal action concerning the acceptance of prohibited transfers, prompt action by your committee to transfer-out the amount will be taken into consideration.

-Schedule B supporting Line 30(b) of your report discloses a payment(s) for "Ad to hire canvassers," "Canvasser ad," "Mail piece," "Newspaper ad," "Refreshments/Unity Day event," and "Unity Day radio buy" which are categorized as Federal Election Activity and therefore, may require the disclosure of the candidate(s) this activity should be attributed to. Expenditures and disbursements for public communications that refer to a

clearly identified candidate for Federal office and that promote, support, attack or oppose any candidate for Federal office, meet the definition of Federal Election Activity under 11 CFR §100.24 and should be disclosed on Schedule B for Line 30(b) along with the identity of the candidate(s).

Further, please be advised that public communications that meet the definition of Federal Election Activity and that also contain express advocacy as defined under 11 CFR §100.22, but do not meet the conditions of exempt activity, would constitute an in-kind contribution, an independent expenditure or a coordinated party expenditure and should be properly disclosed on a Schedule B, E or F supporting Lines 23, 24 or 25, as appropriate rather than on Schedule B for Line 30(b). Please clarify if this activity meets the definition of Federal Election Activity or if it contains express advocacy and amend your report to properly disclose this activity, if necessary.

**Please note, you will not receive an additional notice from the Commission on this matter.** Adequate responses received on or before this date will be taken into consideration in determining whether audit action will be initiated. **Requests for extensions of time in which to respond will not be considered.** Failure to provide an adequate response by this date may result in an audit of the committee. Failure to comply with the provisions of the Act may also result in an enforcement action against the committee. Any response submitted by your committee will be placed on the public record and will be considered by the Commission prior to taking enforcement action.

Electronic filers must file amendments (to include statements, designations and reports) in an electronic format and must submit an amended report in its entirety, rather than just those portions of the report that are being amended. If you should have any questions regarding this matter or wish to verify the adequacy of your response, please contact me on our toll-free number (800) 424-9530 (at the prompt press 5 to reach the Reports Analysis Division) or my local number (202) 694-1157.

Sincerely,



Laura E. Sinram  
Campaign Finance Analyst  
Reports Analysis Division

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